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A program of improved retail
trade statistics.

1948

A PROGRAM
OF IMPROVED
RETAIL TRADE STATISTICS

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THE DOMINION BUREAU OF STATISTICS

OTTAWA, CANADA

DOMINION BUREAU OF STATISTICS
MERCHANDISING AND SERVICES STATISTICS
OTTAWA

Dominion Statistician, HERBERT MARSHALL
Director, Division of Census of Industry and Merchandising, W. H. Losee
Chief, Merchandising and Services Statistics, C. H. McDonald

NEW RETAIL SALES STATISTICS

Improved estimates of Canada's retail trade will be available from the Dominion Bureau of Statistics sometime during 1948 when a project now being carried out by the Merchandising and Services Section of the Bureau is put into operation. The project is designed to produce estimates of sales for seven economic areas and for some twenty kinds of business within each of these areas.

Annual estimates of retail trade have been issued by the Bureau continuously since 1930. Those for the period between the Census years, 1930 and 1941, were revised after the Census results for 1941 were known. For estimates since 1941 it has been the practice to rely largely on trend information obtained from monthly surveys covering stores which operated throughout the post-censal period. These have been supplemented in some cases by results from other special surveys. This method has several drawbacks and certain important segments are not adequately covered.

Complete coverage of sales volume of retail stores is obtainable only at Census periods. Employment of modern statistical procedures, particularly sampling methods, however, will now permit more accurate estimates of total annual sales than has yet been possible. As the period between the 1941 Census and the present lengthens, the possibility of error in sales estimates becomes greater. It is with these factors in mind that the Bureau is proceeding with its project which will overcome many of the present difficulties.

Improvement is Timely

It is widely recognized that consumer purchasing is a sensitive reflector of changes in other aspects of the economy. When more dependable statistics on retail sales trends are available, they may serve as indicators to all levels of business in avoiding extreme sales, price and inventory levels. In this respect their interest and value is equally important to the producer of raw materials, manufacturer, wholesaler and retailer. The Bureau's monthly and annual retail sales statistics have achieved prime importance among merchants and business analysts and the contemplated improvements come, therefore, at a most opportune moment. Actually these statistics are the sole source of nation-wide estimates of changes in consumer markets.

Individual Returns Held in Strictest Confidence

Merchants may be assured that any sales or other business statistics submitted to the Bureau of Statistics are treated as strictly confidential. Individual returns are not made available either to any person outside government offices or to any other Government Department. All employees handling the returns made by business firms are under oaths of secrecy. If a merchant is one of those chosen in the sampling process, he can feel confident that his sales statistics become a part of the general estimates made for his type of business in that province and are not divulged in any way that will reveal any phase of his operations.

Dollar Figures to Replace Some Indexes

To date, the Bureau has not issued estimates of actual sales on a monthly basis. Dollar figures appear in the annual estimates, but monthly statistics have been only in the form of index numbers. While improvement and refinement of the annual estimates will be the first objective, a much closer relationship between the monthly and annual series in future is planned. Actual monthly dollar totals will be released whenever possible and, in any case, the index series will be more closely tied to the annual estimates. By projecting the monthly trend series against the dollar estimates for the previous year, fairly accurate indications of current monthly sales in dollar terms will be obtainable.

Improvement Measures

Two main tasks are involved in the refinement of retail data:

- (1) expansion and redesign of the trend series for the "constant" sample of stores;
- (2) adjustment to allow for the effects of changes in the total number of retail stores in Canada, i.e. store "births" and "deaths".

Revision of Trend Series

The Bureau's monthly trade statistics have formerly covered fourteen kinds of business. These were largely those handling food, clothing, household and personal effects. Such major components of the retail field as automobile dealers and gasoline filling stations, coal and wood yards, lumber and building materials dealers, have not been represented. The newly-designed sample will encompass the whole retail field. In addition to the fourteen trades (or combinations of trades) now covered, results for five new trades will be computed and a "residual" group will cover the remaining kinds of business for which it is not practical to produce separate figures. The following table illustrates the extent to which representation of the retail field will be improved in the new series:

Comparison of Present and Proposed Coverage of Retail Field
in Monthly Surveys

(Based on sales volume for various trades in 1941)

Kind of Business	Sales, 1941			
	Present Sample \$	% of Total	Proposed Sample \$	% of Total
Grocery and Combination Stores	650,631,000	18.9	567,379,000	16.5
Meat Markets			83,252,000	2.4
Country General Stores	214,748,000	6.2	214,748,000	6.2
Department Stores	377,806,000	11.0	377,806,000	11.0
Variety Stores	85,177,000	2.5	85,177,000	2.5
Automobile Dealers	-	-	360,151,000	10.5
Garages and Filling Stations	-	-	205,119,000	6.0
Men's Clothing and Furnishings Stores.	79,873,000	2.3	79,873,000	2.3
Family Clothing Stores	73,779,000	2.1	73,779,000	2.1
Women's Ready-to-wear Stores and Women's Hosiery and Lingerie Shops .	71,072,000	2.1	71,072,000	2.1
Shoe Stores	44,037,000	1.3	44,037,000	1.3
Hardware Stores	26,013,000	0.8	26,013,000	0.8
Lumber and Building Material Dealers .	-	-	79,786,000	2.3
Furniture Stores	64,057,000	1.9	64,057,000	1.9
Appliance and Radio Stores	45,895,000	1.3	45,895,000	1.3
Restaurants	126,693,000	3.7	126,693,000	3.7
Coal and Wood Yards	-	-	98,647,000	2.9
Drug Stores	101,027,000	2.9	101,027,000	2.9
Jewellery Stores	38,454,000	1.1	38,454,000	1.1
Tobacco Stores	-	-	43,227,000	1.3
Total of Trades Shown Separately	2,001,987,000	58.1	2,788,917,000	81.1
Residual Trades	-	-	651,985,000	18.9
Total Retail Trade	-	-	3,440,902,000	100.0

Another technical improvement of major importance will be the introduction of weighting to allow for the variable sales trends in different sizes of stores. Trends by store-size vary widely, especially during periods of rapid expansion such as that of the last few years, and also during periods of rapid decline. The sample previously employed was chosen to a large extent among the larger businesses in Canada and did not allow for the variable-trend relationship of different sizes of stores.

Then again, most of the stores in the present reporting sample were selected from those whose sales in 1941 were above \$20,000. Such a sample leaves a large segment of the retail merchandising field unrepresented. Actually 99,000 out of approximately 137,000 stores in Canada at the time of the 1941 Census had sales lower than \$20,000. The lower limit in the store sizes will be extended downward, so that establishments whose sales were as low as \$5,000 in 1941 will be taken into the sample.

The foregoing alterations will enable the Bureau to measure more accurately the sales for a "core" of stores which have been in operation since 1941, the last Census year. In order to accomplish this, it has been necessary to overhaul the reporting panel. This has been made possible through the use of established statistical procedures without greatly increasing the number of reporting stores, considering the extensions involved. Where the previous sample numbered some 6,000 retail independent stores in the fourteen trades mentioned, the new reporting panel will include about 8,000 stores in all kinds of retail trade.

Measurement of New Entrants

The measurement of new entrants will be a supplementary operation conducted independently of that dealing with the continuing sample of 1941 stores. Measurements will be carried out annually. "Area sampling" techniques will be relied upon to produce a list of stores in specified areas which have come into existence since 1941. Special surveys of these will be undertaken and the results expanded to give the picture for the country as a whole. When the latter is known, it will be possible to make revisions to annual estimates derived from the trend series and to compute monthly dollar estimates for the previous year.

These innovations represent a new departure for the Bureau in the merchandising field. Much of the exploratory work has been undertaken and some of the earlier operations involved are now under way. However, emphasis will be placed first of all on improvement of the basic "core" trend information and the adjustment for new stores will be a later development in so far as publication of results is concerned.

Designed to Serve Business

The improvement of current statistics on retail sales is a part of a general plan to produce more complete and more detailed statistics on all important phases of distribution. It has been undertaken to meet the needs of business men in many branches of the retail trade and in associated activities. These needs have been expressed in demands continually made upon the Bureau.

The interests of Canadian merchants themselves have been of paramount concern in the formulation of the program of the Merchandising and Services Section of the Bureau. In designing the form and content of its bulletins also, the Bureau has been, and will continue to be, influenced and guided by the suggestions of those who make use of them.

Careful consideration also has been given to the merchant when designing forms to be used during the course of the annual and monthly surveys in conjunction with the retail sales studies. It is realized that "form filling" occasions some inconvenience and imposes some demand upon the merchants involved. Therefore, the forms to be used are simple. Firms will be asked to report only the minimum of information necessary to permit proper classification and compilation. No irrelevant questions will appear. The information requested by the Bureau will be such as can readily be obtained from records commonly maintained by almost every retail business for its own bookkeeping purposes and as a record of individual progress.

Reporting Firms Will Benefit

Needless to say, not all businesses in Canada could be canvassed for sales information each month. There were 137,331 retail stores in Canada in 1941 and the number is probably much greater now. The sample of 8,000 independent retailers was derived by unbiased selection processes from the list of 129,300 independent merchants operating in 1941. (The remaining 8,000 stores were chain stores and estimates for these are prepared as a separate project.) Merchants who fall within the sample will understand and appreciate, it is hoped, that they are contributing to a project which is designed for their own benefit. The importance of their co-operation can be readily appreciated when it is realized that without the Bureau's series, there would be no official estimate of the expenditures of Canadian consumers except at Census periods which are ten years apart.

From the retail sales data, retail merchants receive many indirect benefits which are not always recognized. Many manufacturers and intermediate distributors of consumer goods make frequent reference to, and studies of, the sales trend information released by the Bureau. It is reasonable to assume that their efforts have brought some improvement in distribution policies and practices and that these in turn have produced advantages which have been shared by merchants generally.

Experience gained in dealing with the 6,000 retail stores on the former sample has shown that the vast majority have found their association with the Bureau helpful and advantageous. Their participation has established a contact with the Bureau which gives them opportunities to offer comment and suggestion and to make frequent inquiries regarding matters of interest to themselves. The Bureau stands ready at all times to offer all possible assistance or available information on retailing. Reports issued regularly by this office are obtainable at a nominal charge. The attached list outlines the various series which are presently available for distribution.

Publications of Merchandising and Services Statistics

I. DECENNIAL CENSUS taken every ten years covering all retail, wholesale and service businesses in Canada.

- (1) Statistics on all retail trade including a separate section on chain stores - published as Part I, Merchandising and Services, 1941, Vol. X.
- (2) Statistics on all wholesale trade, most service establishments, hotels and sales finance companies - published as Part II, Merchandising and Services, 1941, Vol. XI.

II. ANNUAL CENSUS and reports on certain types or phases of retail and wholesale trade and service establishments.

- (1) Statistics on retail chain stores (4 bulletins) showing number of chains, stores, sales, salaries, store and warehouse stocks, outstanding accounts:
 - (a) Variety chains
 - (b) Food chains
 - (b) Drug chains
 - (d) All retail chains
- (2) Motion picture theatres, itinerant operators and film distributors - number, receipts, employees and salaries, amusement tax.
- (3) Power laundries, cleaning and dyeing establishments - number, value of work performed, employees and salaries, cost of materials and capital employed.
- (4) Farm implement and equipment - number of units sold and value for each type of implement and equipment.
- (5) Retail Consumer Credit covering the credit activities of 10 retail trades.
Note: not published for 1946 but in 1948 will be available for the year 1947.
- (6) Advertising Agencies - gross revenues, salaries and wages, by size of business.
- (7) Operating Results in Retail Trade - Independent Stores - (6 bulletins) sales, inventories, margins, main expense items and net profit for certain kinds of business by sales-size ranges, etc.

No. 1. - Food - groceries, combination, meat, confectionery, fruit and vegetable.

No. 2. - Clothing - men's, women's, family and shoes.

No. 3. - Country general stores and dry goods.

No. 4. - Hardware, furniture, household appliance and radio.

No. 5. - Miscellaneous - restaurants, coal and wood, drugs, jewellery and tobacco.

No. 6. - Filling stations and garages.

Note: These studies will not be undertaken for the year 1947 but will be alternated with similar surveys on retail chains and wholesale trade.

II. ANNUAL CENSUS - continued.

- (8) Retail Merchandise Trade in Canada and the Provinces - by kinds of business, estimated for inter-censal years.
- (9) Sales and Financing of Motor Vehicles in Canada - consolidation and summary of monthly bulletins.
- (10) Summary of Monthly Indexes of Retail Sales in Canada from 1941.
- (11) Summary of Monthly Indexes of Wholesale Sales in Canada from 1941.
- (12) Special studies on Operating Results - not taken every year.
 - (a) Retail chains - sales, inventories, gross margin, expense items, net profit, for approximately 15 kinds of business.
 - (b) Wholesale trade - expense and profit items as above segregating selling, administrative and warehouse expenses.

Note: It is expected that bulletins on these two phases of distribution will be available in 1948 for the year 1947.

III. MONTHLY PUBLICATIONS cover surveys on the following:

- (1) Retail Sales in 14 trades shown by indexes based on a 1935-1939 average, unadjusted and adjusted for number of business days and seasonal variations.
- (2) Department store sales indexed on the base 1935-1939=100 inventory change from previous month and departmental breakdown of sales.
- (3) Sales of New Motor Vehicles in Canada - number and retail value of passenger cars, trucks and buses.
- (4) Financing of Motor Vehicle Sales - new and used passenger and commercial vehicles financed showing number of vehicles and amount of financing by provinces.
- (5) Wholesale Sales shown by indexes on the base 1935-1939=100 for 9 trades including regional breakdown for most trades.
- (6) Current Trends in Food Distribution consolidating monthly trends in food distribution in the wholesale field, retail chains and independent retailers.

